

February 24, 2015

To: Members of the Banks Committee
Fr: Connecticut Bankers Association
Re: H.B. No. 6801 AN ACT CONCERNING SMALL BUSINESS LENDING
Position: Support with change

This bill would create a study on how to increase access to credit for small businesses across the state. The CBA urges the committee to support this proposal with one recommended revision.

That change would be to remove the bill's concept of studying a "state-run business and industrial development corporation". This concept, also known as a "state run bank", has been explored in a number of studies, including a recent one by the Massachusetts legislature. The resounding conclusion of that report was to not recommend pursuing the state-run-bank concept and the CBA agrees with that conclusion.

Banks throughout the state are among the most well capitalized in the country and have diverse and affordable product offerings for businesses and consumers. A state run bank would only compete for bank business in an increasingly competitive marketplace. Credit enhancements, such as guarantee pools, are what's needed - not more competition.

Banks in Connecticut already participate with a variety of federal and state agencies on specialized lending products including DECD and SBA.

We support the exploration of how to partner with those agencies to leverage their existing resources to reach more small business borrowers across the state.